

City and County of San Francisco

OFFICE OF THE CONTROLLER

ADULT PROBATION DEPARTMENT:

Revolving Fund

January 1, 1999 through February 22, 2000



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Edward Harrington
Controller

March 20, 2000

Armando Cervantes, Chief Probation Officer
Adult Probation Department
Hall of Justice
880 Bryant Street, Room 200
San Francisco, CA 94103-4673

Dear Mr. Cervantes:

The Controller's Audits Division presents its report concerning the audit of the cash revolving fund of the Adult Probation Department (Adult Probation). Adult Probation uses the revolving fund for making cash change and to pay for minor operating expenses.

Reporting Period: January 1, 1999 through February 22, 2000


Authorized Amount: \$300

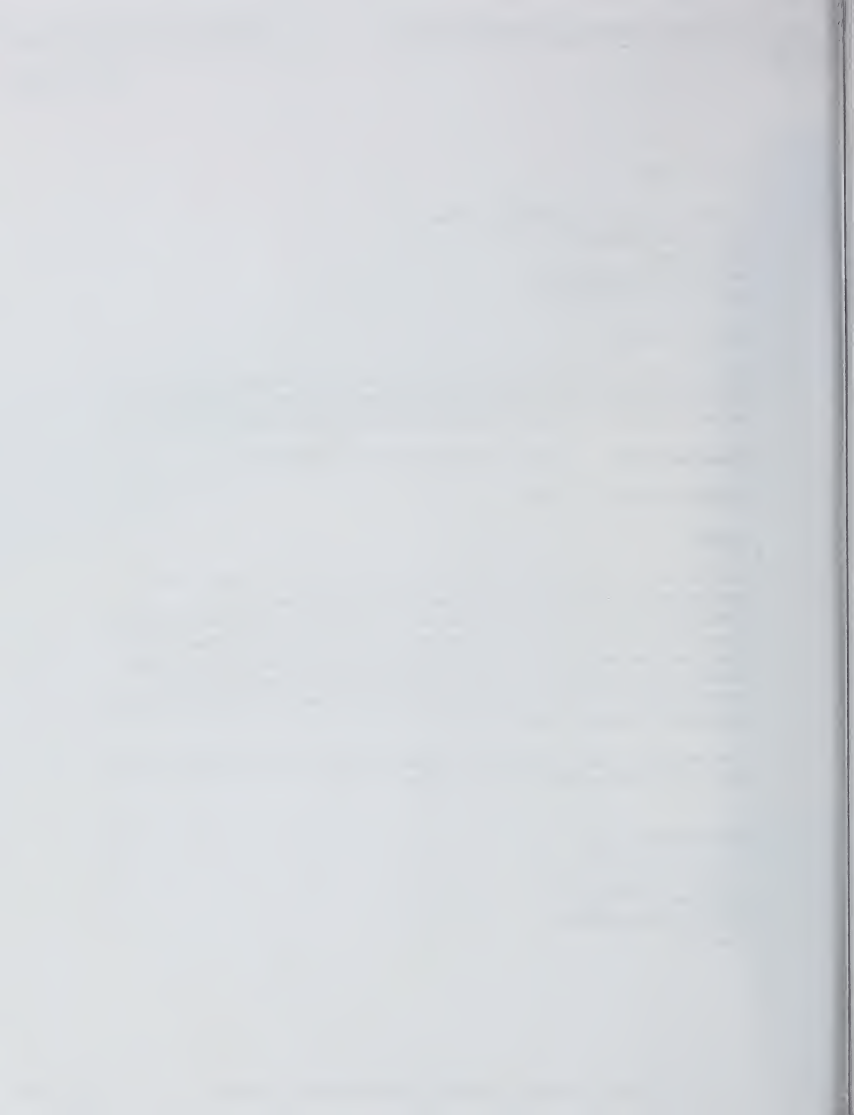
Results:

As of February 22, 2000, Adult Probation's cash revolving fund had a balance of \$300. Although the amount agreed with the amount authorized in the San Francisco Administrative Code, the Controller's Financial Accounting and Management Information System (FAMIS) showed that Adult Probation has a cash revolving fund balance of \$600. This occurred because Adult Probation did not return to the Purchaser \$300 it previously advanced to Adult Probation. Nevertheless, Adult Probation used the authorized cash revolving fund assets within the purpose of the fund and the authorized amount of the fund meets Adult Probation's operational needs.

The Controller's Audits Division will be working with Adult Probation to follow up on the status of the recommendations made in this report.

Respectfully submitted,


EDWARD HARRINGTON
Controller




INTRODUCTION

The Board of Supervisors of the City and County of San Francisco (City) appropriated a cash revolving fund of \$300 to the Adult Probation Department (Adult Probation) under the San Francisco Administrative Code (Administrative Code), Section 10.168. Adult Probation uses the revolving fund for making cash change and to pay for minor operating expenses.

SCOPE AND METHODOLOGY

The purpose of this audit was to determine whether Adult Probation's revolving fund assets agreed with the amount authorized in the Administrative Code and recorded in the Controller's Financial Accounting and Management Information System (FAMIS). We also determined if Adult Probation correctly administered and used the revolving fund. In addition, we assessed whether the internal controls over the fund were adequate, and whether the revolving fund was sufficient to meet Adult Probation's operational needs.

To conduct the audit, we reviewed the applicable provisions in the Administrative Code, the Controller's Departmental Instruction No. 1052, and the Purchaser's *Guide to Ordering Goods and Services*. We evaluated Adult Probation's procedures for recording, summarizing, and reporting the revolving fund transactions. We tested, on a sample basis, Adult Probation's revolving fund transactions during the audit period to determine whether the transactions were proper and valid.



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AUDIT RESULTS

ADULT PROBATION'S REVOLVING FUND BALANCE DID NOT AGREE WITH FAMIS BALANCE

As of February 22, 2000, Adult Probation's cash revolving fund had a balance of \$300. This amount agreed with the amount authorized in the San Francisco Administrative Code. However, the cash revolving fund balance did not agree with the amount recorded in the Controller's FAMIS. The Controller's FAMIS showed that Adult Probation has a cash revolving fund balance of \$600. According to the Controller's staff, the \$600 cash revolving fund balance includes the cash revolving fund of \$300 authorized in the San Francisco Administrative Code and a Purchaser's advance of \$300 to Adult Probation outstanding since 1982. However, on July 25, 1997, the Board of Supervisors reduced the Purchaser's Revolving fund and the Purchaser requested all departments to return advances made to them by the Purchaser. However, Adult Probation did not return the \$300 to the Purchaser. According to Adult Probation's staff, they are not aware of the Purchaser's advance of \$300 to Adult Probation.

Nevertheless, Adult Probation complied with the requirements for the use of the authorized revolving fund. We found that the revolving fund's change funds and the petty cash funds were used according to the purpose of the funds. We also found that the petty cash fund's expenditures were valid and supported by invoices and other documents. Finally, we found that the authorized amount of the fund meets Adult Probation's operational needs.

RECOMMENDATION

We recommend that Adult Probation Department take the following action:

- Work with the Controller's Office to determine how Adult Probation should repay the \$300 owed to the Purchaser. Once Adult Probation has repaid the amount, it should request the Controller's Office to adjust Adult Probation's FAMIS revolving fund balance.

We conducted this review according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Staff: Karen McVey, Audit Manager
Leon Valle, Jr.

RESPONSE TO THE AUDIT
ADULT PROBATION DEPARTMENT

City and County of San Francisco

Adult Probation Department
Hall of Justice



Armando Cervantes
Chief Adult Probation Officer

March 16, 2000

Mr. Nori Hirasuna
Audits Director
Office of the Controller
1 Dr. Carlton B. Goodlett Place
Room 388
San Francisco, CA 94102-4694

Dear Mr. Hirasuna:

This is being written in response to the audit finding regarding the Adult Probation Department's Revolving Fund and a \$300.00 discrepancy between our records and yours.

We have a total of \$300 cash on hand. One hundred fifty dollars is kept in the cash drawers of our accounting/cashiering staff (\$50 in each drawer) for the purpose of making change for our clients. Fifty dollars is kept in the safe for additional change. The remaining \$100 is kept in the safe for use as a petty cash fund.

In going through our records and speaking with our accountant, it has been determined that this department has no record of ever receiving said \$300 from Purchasing.

This difference does come up each time an audit is conducted and our response is always the same. If there is anything that can be done to closeout this amount, I would appreciate it.

Sincerely,

A handwritten signature in dark ink, appearing to read "Armando Cervantes", written in a cursive style.

Armando Cervantes
Chief Adult Probation Officer

(415) 553-1704

880 Bryant Street, Room 200

San Francisco, CA 94103-4673

cc: Mayor
Board of Supervisors
Civil Grand Jury
Budget Analyst
KPMG LLP
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